

## Part III

### Administrative, Procedural, and Miscellaneous

26 CFR 601.201: Rulings and determination letters  
(Also Part I, Sections 846; 1.846-1.)

Rev. Proc. 2001-60

#### SECTION 1. PURPOSE

This revenue procedure prescribes the loss payment patterns and discount factors for the 2001 accident year. These factors will be used for computing discounted unpaid losses under § 846 of the Internal Revenue Code. See Rev. Proc. 98-11, 1998-1 C.B. 358, for background concerning the loss payment patterns and application of the discount factors.

#### SEC. 2. SCOPE

This revenue procedure applies to any taxpayer that is required to discount its unpaid losses under § 846 for a line of business using discount factors published by the Secretary.

#### SEC. 3. TABLES OF DISCOUNT FACTORS

.01 The following tables present separately for each line of business the discount factors under § 846 for accident year 2001. All the discount factors presented in this section were determined using the applicable interest rate under § 846(c) for 2001, which is 6.00 percent, and by assuming all loss payments occur in the middle of the calendar year.

.02 If the groupings of individual lines of business on the annual statement change, taxpayers must discount the unpaid losses on the affected lines of business in accordance with the discounting patterns that would have applied to those unpaid losses based on their classification on the 1995 annual statement. See Rev. Proc. 98-11, 1998-1 C. B. 358, section 2, for

additional background on discounting under section 846 and the use of the Secretary's tables.

.03 Section V of Notice 88-100, 1988-2 C.B. 439, provides a composite discount factor to be used in determining the discounted unpaid losses for accident years that are not separately reported on the annual statement. Taxpayers that do not use the methodology set forth in section V of Notice 88-100 should instead use the discount factor for the appropriate year in the Secretary's table for that line of business. If such taxpayers have unpaid losses relating to an accident year that is older than the last accident year for which a discount factor is presented in the Secretary's table, those unpaid losses should be discounted using the discount factor for the last accident year in the Secretary's table. See section 2.03(3) of Rev. Proc. 98-11.

.04 Tables

**Accident and Health  
(Other Than Disability Income or Credit Disability Insurance)**

Discount factor for all years equals 97.1286 percent.

**Auto Physical Damage**

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	89.9430	89.9430	10.0570	9.7182	96.6309
AY+ 1	99.3814	9.4384	0.6186	0.5838	94.3797
AY+ 2	N/A	0.3093	0.3093	0.3004	97.1286

### Commercial Auto/Truck Liability/Medical

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	25.8075	25.8075	74.1925	65.3144	88.0336
AY+ 1	49.8793	24.0718	50.1207	44.4497	88.6854
AY+ 2	67.6592	17.7799	32.3408	28.8112	89.0862
AY+ 3	79.7711	12.1119	20.2289	18.0699	89.3272
AY+ 4	88.2132	8.4421	11.7868	10.4624	88.7640
AY+ 5	93.1778	4.9646	6.8222	5.9788	87.6375
AY+ 6	95.9623	2.7845	4.0377	3.4707	85.9577
AY+ 7	97.0091	1.0468	2.9909	2.6012	86.9707
AY+ 8	97.5719	0.5628	2.4281	2.1778	89.6931
AY+ 9	98.2191	0.6471	1.7809	1.6422	92.2109
AY+ 10	N/A	0.6471	1.1338	1.0745	94.7685
AY+ 11	N/A	0.6471	0.4867	0.4727	97.1286

### Composite Discount Factors

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	35.4611	35.4611	64.5389	55.5635	86.0930
AY+ 1	59.1449	23.6838	40.8551	34.5133	84.4773
AY+ 2	70.8220	11.6771	29.1780	24.5618	84.1792
AY+ 3	81.9019	11.0799	18.0981	14.6281	80.8265
AY+ 4	86.3688	4.4669	13.6312	10.9068	80.0133
AY+ 5	90.0497	3.6809	9.9503	7.7715	78.1028
AY+ 6	92.7488	2.6991	7.2512	5.4588	75.2820
AY+ 7	93.8259	1.0771	6.1741	4.6775	75.7592
AY+ 8	94.2415	0.4156	5.7585	4.5302	78.6700
AY+ 9	94.8568	0.6153	5.1432	4.1685	81.0493
AY+ 10	N/A	0.6153	4.5279	3.7851	83.5960
AY+ 11	N/A	0.6153	3.9125	3.3787	86.3558
AY+ 12	N/A	0.6153	3.2972	2.9479	89.4060
AY+ 13	N/A	0.6153	2.6819	2.4912	92.8922
AY+ 14	N/A	0.6153	2.0665	2.0072	97.1286

**Fidelity/Surety**

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	24.1540	24.1540	75.8460	70.3585	92.7650
AY+ 1	59.0961	34.9421	40.9039	38.6050	94.3797
AY+ 2	N/A	20.4520	20.4520	19.8647	97.1286

**Financial Guaranty/Mortgage Guaranty**

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	9.2513	9.2513	90.7487	84.1431	92.7210
AY+ 1	50.5659	41.3146	49.4341	46.6558	94.3797
AY+ 2	N/A	24.7171	24.7171	24.0073	97.1286

**International  
(Composite)**

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	35.4611	35.4611	64.5389	55.5635	86.0930
AY+ 1	59.1449	23.6838	40.8551	34.5133	84.4773
AY+ 2	70.8220	11.6771	29.1780	24.5618	84.1792
AY+ 3	81.9019	11.0799	18.0981	14.6281	80.8265
AY+ 4	86.3688	4.4669	13.6312	10.9068	80.0133
AY+ 5	90.0497	3.6809	9.9503	7.7715	78.1028
AY+ 6	92.7488	2.6991	7.2512	5.4588	75.2820
AY+ 7	93.8259	1.0771	6.1741	4.6775	75.7592
AY+ 8	94.2415	0.4156	5.7585	4.5302	78.6700
AY+ 9	94.8568	0.6153	5.1432	4.1685	81.0493
AY+ 10	N/A	0.6153	4.5279	3.7851	83.5960
AY+ 11	N/A	0.6153	3.9125	3.3787	86.3558
AY+ 12	N/A	0.6153	3.2972	2.9479	89.4060
AY+ 13	N/A	0.6153	2.6819	2.4912	92.8922
AY+ 14	N/A	0.6153	2.0665	2.0072	97.1286

**Medical Malpractice -- Claims-Made**

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	6.3899	6.3899	93.6101	77.4322	82.7178
AY+ 1	24.0011	17.6112	75.9989	63.9463	84.1411
AY+ 2	42.6970	18.6959	57.3030	48.5345	84.6980
AY+ 3	58.0610	15.3640	41.9390	35.6284	84.9528
AY+ 4	69.6653	11.6043	30.3347	25.8187	85.1128
AY+ 5	75.6033	5.9380	24.3967	21.2542	87.1194
AY+ 6	81.8786	6.2753	18.1214	16.0687	88.6725
AY+ 7	87.8539	5.9753	12.1461	10.8809	89.5834
AY+ 8	89.5207	1.6668	10.4793	9.8176	93.6862
AY+ 9	94.3025	4.7818	5.6975	5.4836	96.2450
AY+ 10	N/A	4.7818	0.9157	0.8894	97.1286

### Medical Malpractice -- Occurrence

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	2.1239	2.1239	97.8761	72.4330	74.0048
AY+ 1	6.4831	4.3592	93.5169	72.2909	77.3025
AY+ 2	15.5987	9.1156	84.4013	67.2433	79.6709
AY+ 3	31.9062	16.3075	68.0938	54.4883	80.0194
AY+ 4	45.0931	13.1868	54.9069	44.1809	80.4650
AY+ 5	50.0751	4.9821	49.9249	41.7024	83.5302
AY+ 6	60.9728	10.8976	39.0272	32.9847	84.5171
AY+ 7	69.2138	8.2411	30.7862	26.4791	86.0097
AY+ 8	72.8658	3.6519	27.1342	24.3079	89.5840
AY+ 9	80.0005	7.1347	19.9995	18.4208	92.1061
AY+ 10	N/A	7.1347	12.8648	12.1803	94.6798
AY+ 11	N/A	7.1347	5.7300	5.5655	97.1286

### Miscellaneous Casualty

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	77.6669	77.6669	22.3331	21.2118	94.9792
AY+ 1	94.0673	16.4004	5.9327	5.5993	94.3797
AY+ 2	N/A	2.9664	2.9664	2.8812	97.1286

**Multiple Peril Lines**  
**(Homeowners/Farmowners Multiple Peril, Commercial Multiple Peril, and Special Liability**  
**(Ocean Marine, Aircraft (All Perils), Boiler and Machinery))**

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	55.9587	55.9587	44.0413	39.2528	89.1272
AY+ 1	77.8939	21.9352	22.1061	19.0243	86.0589
AY+ 2	84.0083	6.1144	15.9917	13.8706	86.7360
AY+ 3	91.3188	7.3105	8.6812	7.1762	82.6633
AY+ 4	92.1670	0.8482	7.8330	6.7334	85.9627
AY+ 5	94.3838	2.2168	5.6162	4.8552	86.4488
AY+ 6	96.4959	2.1121	3.5041	2.9719	84.8124
AY+ 7	97.3670	0.8712	2.6330	2.2533	85.5817
AY+ 8	98.0034	0.6364	1.9966	1.7334	86.8153
AY+ 9	98.4059	0.4025	1.5941	1.4230	89.2642
AY+ 10	N/A	0.4025	1.1916	1.0940	91.8045
AY+ 11	N/A	0.4025	0.7892	0.7453	94.4346
AY+ 12	N/A	0.4025	0.3867	0.3756	97.1286

**Other**  
**(Including Credit)**

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	66.7418	66.7418	33.2582	31.4355	94.5195
AY+ 1	89.2755	22.5337	10.7245	10.1217	94.3797
AY+ 2	N/A	5.3622	5.3622	5.2083	97.1286

### Other Liability -- Claims-Made

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	10.2440	10.2440	89.7560	74.4023	82.8940
AY+ 1	29.3763	19.1323	70.6237	59.1686	83.7800
AY+ 2	44.4111	15.0349	55.5889	47.2393	84.9799
AY+ 3	67.8197	23.4086	32.1803	25.9731	80.7112
AY+ 4	73.4753	5.6555	26.5247	21.7087	81.8434
AY+ 5	78.8604	5.3852	21.1396	17.4669	82.6265
AY+ 6	83.5027	4.6422	16.4973	13.7354	83.2585
AY+ 7	84.0676	0.5649	15.9324	13.9779	87.7327
AY+ 8	85.2129	1.1453	14.7871	13.6374	92.2252
AY+ 9	90.5992	5.3863	9.4008	8.9102	94.7808
AY+ 10	N/A	5.3863	4.0145	3.8993	97.1286

### Other Liability -- Occurrence

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	13.5751	13.5751	86.4249	68.4370	79.1866
AY+ 1	26.3964	12.8213	73.6036	59.3429	80.6249
AY+ 2	40.2725	13.8761	59.7275	48.6171	81.3982
AY+ 3	55.4566	15.1841	44.5434	35.9011	80.5981
AY+ 4	65.3309	9.8742	34.6691	27.8890	80.4434
AY+ 5	74.0647	8.7339	25.9353	20.5703	79.3140
AY+ 6	80.9090	6.8442	19.0910	14.7580	77.3031
AY+ 7	84.3622	3.4532	15.6378	12.0881	77.3006
AY+ 8	84.6163	0.2542	15.3837	12.5517	81.5914
AY+ 9	86.7311	2.1147	13.2689	11.1276	83.8621
AY+ 10	N/A	2.1147	11.1542	9.6180	86.2277
AY+ 11	N/A	2.1147	9.0395	8.0178	88.6981
AY+ 12	N/A	2.1147	6.9247	6.3216	91.2910
AY+ 13	N/A	2.1147	4.8100	4.5237	94.0479
AY+ 14	N/A	2.1147	2.6953	2.6179	97.1286



### Private Passenger Auto Liability/Medical

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	37.9339	37.9339	62.0661	56.5092	91.0468
AY+ 1	67.7044	29.7705	32.2956	29.2492	90.5670
AY+ 2	81.5316	13.8272	18.4684	16.7681	90.7936
AY+ 3	89.8898	8.3583	10.1102	9.1689	90.6897
AY+ 4	94.6531	4.7633	5.3469	4.8149	90.0509
AY+ 5	97.1265	2.4734	2.8735	2.5573	88.9961
AY+ 6	98.4587	1.3322	1.5413	1.3392	86.8852
AY+ 7	98.9811	0.5224	1.0189	0.8817	86.5309
AY+ 8	99.2330	0.2519	0.7670	0.6752	88.0336
AY+ 9	99.4067	0.1737	0.5933	0.5369	90.4936
AY+ 10	N/A	0.1737	0.4196	0.3903	93.0125
AY+ 11	N/A	0.1737	0.2460	0.2349	95.5126
AY+ 12	N/A	0.1737	0.0723	0.0702	97.1286

### Products Liability -- Claims-Made

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	4.9750	4.9750	95.0250	76.1308	80.1166
AY+ 1	15.1072	10.1322	84.8928	70.2670	82.7714
AY+ 2	30.9560	15.8488	69.0440	58.1656	84.2443
AY+ 3	38.2420	7.2860	61.7580	54.1541	87.6876
AY+ 4	68.6101	30.3681	31.3899	26.1375	83.2673
AY+ 5	78.5966	9.9865	21.4034	17.4241	81.4078
AY+ 6	88.3971	9.8005	11.6029	8.3793	72.2169
AY+ 7	93.2957	4.8986	6.7043	3.8386	57.2557
AY+ 8	88.3815	-4.9142	11.6185	9.1284	78.5676
AY+ 9	89.6105	1.2290	10.3895	8.4107	80.9542
AY+ 10	N/A	1.2290	9.1604	7.6500	83.5111
AY+ 11	N/A	1.2290	7.9314	6.8436	86.2851
AY+ 12	N/A	1.2290	6.7024	5.9888	89.3544
AY+ 13	N/A	1.2290	5.4733	5.0828	92.8653
AY+ 14	N/A	1.2290	4.2443	4.1224	97.1286

**Products Liability – Occurrence**

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	9.0653	9.0653	90.9347	69.4041	76.3230
AY+ 1	14.9035	5.8382	85.0965	67.5575	79.3893
AY+ 2	29.2591	14.3555	70.7409	56.8310	80.3369
AY+ 3	45.6462	16.3871	54.3538	43.3693	79.7908
AY+ 4	57.5945	11.9483	42.4055	33.6700	79.4000
AY+ 5	63.8634	6.2689	36.1366	29.2359	80.9039
AY+ 6	75.2266	11.3632	24.7734	19.2910	77.8696
AY+ 7	78.2679	3.0413	21.7321	17.3172	79.6849
AY+ 8	78.1898	-0.0781	21.8102	18.4367	84.5322
AY+ 9	81.8722	3.6825	18.1278	15.7515	86.8918
AY+ 10	N/A	3.6825	14.4453	12.9053	89.3391
AY+ 11	N/A	3.6825	10.7628	9.8883	91.8744
AY+ 12	N/A	3.6825	7.0803	6.6902	94.4902
AY+ 13	N/A	3.6825	3.3979	3.3003	97.1286

**Reinsurance A  
(Nonproportional Property)**

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	27.1668	27.1668	72.8332	64.9403	89.1631
AY+ 1	68.7008	41.5340	31.2992	26.0748	83.3084
AY+ 2	70.0362	1.3354	29.9638	26.2645	87.6541
AY+ 3	87.5338	17.4976	12.4662	9.8255	78.8169
AY+ 4	90.2132	2.6794	9.7868	7.6564	78.2320
AY+ 5	91.3751	1.1619	8.6249	6.9196	80.2275
AY+ 6	94.3845	3.0095	5.6155	4.2363	75.4399
AY+ 7	93.3293	-1.0552	6.6707	5.5769	83.6030
AY+ 8	N/A	1.0387	5.6320	4.8421	85.9749
AY+ 9	N/A	1.0387	4.5932	4.0632	88.4598
AY+ 10	N/A	1.0387	3.5545	3.2375	91.0821
AY+ 11	N/A	1.0387	2.5158	2.3623	93.9007
AY+ 12	N/A	1.0387	1.4771	1.4346	97.1286

**Reinsurance B**  
**(Nonproportional Liability)**

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	6.6962	6.6962	93.3038	69.3996	74.3802
AY+ 1	22.3944	15.6982	77.6056	57.4013	73.9654
AY+ 2	32.6486	10.2542	67.3514	50.2879	74.6651
AY+ 3	50.2234	17.5748	49.7766	35.2109	70.7379
AY+ 4	53.5839	3.3605	46.4161	33.8637	72.9568
AY+ 5	55.6838	2.0999	44.3162	33.7335	76.1201
AY+ 6	63.6144	7.9306	36.3856	27.5925	75.8336
AY+ 7	66.4211	2.8066	33.5789	26.3584	78.4969
AY+ 8	N/A	2.8066	30.7723	25.0503	81.4054
AY+ 9	N/A	2.8066	27.9656	23.6637	84.6171
AY+ 10	N/A	2.8066	25.1590	22.1939	88.2146
AY+ 11	N/A	2.8066	22.3524	20.6359	92.3211
AY+ 12	N/A	2.8066	19.5457	18.9845	97.1286

**Reinsurance C**  
**(Financial Lines)**

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	11.4622	11.4622	88.5378	77.3623	87.3777
AY+ 1	44.5791	33.1169	55.4209	47.9081	86.4441
AY+ 2	63.9134	19.3343	36.0866	30.8767	85.5627
AY+ 3	65.6185	1.7051	34.3815	30.9737	90.0885
AY+ 4	79.9778	14.3593	20.0222	18.0484	90.1419
AY+ 5	88.9152	8.9374	11.0848	9.9297	89.5793
AY+ 6	91.2490	2.3338	8.7510	8.1227	92.8199
AY+ 7	94.7645	3.5155	5.2355	4.9906	95.3224
AY+ 8	N/A	3.5155	1.7200	1.6706	97.1286

**Special Property**  
**(Fire, Allied Lines, Inland Marine, Earthquake, Glass, Burglary and Theft)**

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	57.4895	57.4895	42.5105	40.5227	95.3241
AY+ 1	90.5193	33.0297	9.4807	8.9479	94.3797
AY+ 2	N/A	4.7404	4.7404	4.6043	97.1286

**Workers' Compensation**

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	23.6461	23.6461	76.3539	62.7199	82.1437
AY+ 1	44.8166	21.1705	55.1834	44.6867	80.9786
AY+ 2	57.9652	13.1486	42.0348	33.8306	80.4824
AY+ 3	72.0542	14.0889	27.9458	21.3550	76.4156
AY+ 4	80.5542	8.5000	19.4458	13.8850	71.4034
AY+ 5	84.8876	4.3334	15.1124	10.2565	67.8684
AY+ 6	87.1173	2.2297	12.8827	8.5763	66.5723
AY+ 7	88.2647	1.1473	11.7353	7.9096	67.4000
AY+ 8	88.5404	0.2757	11.4596	8.1003	70.6858
AY+ 9	88.8062	0.2658	11.1938	8.3126	74.2613
AY+ 10	N/A	0.2658	10.9279	8.5377	78.1273
AY+ 11	N/A	0.2658	10.6621	8.7763	82.3127
AY+ 12	N/A	0.2658	10.3963	9.0291	86.8499
AY+ 13	N/A	0.2658	10.1304	9.2972	91.7750
AY+ 14	N/A	0.2658	9.8646	9.5813	97.1286

**DRAFTING INFORMATION**

The principal author of this revenue procedure is Katherine A. Hossofsky of the Office of the Associate Chief Counsel (Financial Institutions and Products). For further information regarding this revenue procedure, contact Ms. Hossofsky on (202) 622-3477 (not a toll-free number).